
FEDERAL ENERGY REGULATORY COMMISSION

WASHINGTON, D.C. 20426



NEWS RELEASE

NEWS MEDIA CONTACT:

Barbara A. Connors
(202) 208-0680

FOR IMMEDIATE RELEASE

January 12, 2000
Docket Nos. EC99-101-000,
et al.

NORTHERN STATES POWER, NEW CENTURY ENERGIES MERGER APPROVED

The Federal Energy Regulatory Commission today approved the \$4 billion merger of Minneapolis-based Northern States Power Company (NSP) and New Century Energies, Inc. (NCE).

Headquartered in Denver, Colorado, NCE is a public utility holding company formed through a 1997 merger of Public Service Company of Colorado (PSCO) and Southwestern Public Service Company (SPS). NCE serves about 1.5 million electric customers and one million natural gas customers through its operating subsidiaries--PSCO, SPS and Cheyenne Light, Fuel & Power--in Colorado, Kansas, New Mexico, Oklahoma, Texas and Wyoming. NSP serves over two million electric and gas customers in Arizona, Michigan, Minnesota, North and South Dakota and Wisconsin.

Chairman James J. Hoecker said: "Consolidation continues to accelerate in the electric utility industry, as it has elsewhere in our economy. The Commission is prepared to address such mergers in a timely manner. In that connection, however, we must also recognize the long-term opportunities these developments present for promoting open and competitive markets, delivering rate benefits for consumers, and encouraging new investments and infrastructure. Utility mergers can certainly create problems for the prospect for competition. Or, they can help generate enormous benefits, including innovative services and better reliability. On this last count, my hopes and expectations are high."

The Commission found that the merged company, named Xcel Energy Inc., would meet the public interest standards of the Federal Power Act. Under its merger guidelines,

the Commission focuses its merger review on three key areas—competition, rates and regulation.

The companies proposed to join the Midwest Independent System Operator (MISO). Since MISO's final structure and scope may change, the Commission did not address issues concerning compliance with Order No. 2000—the Commission's recently-issued rule on Regional Transmission Organizations.

In considering the proposed merger's effect on rates, the Commission accepted the companies' pledge that cost-based wholesale customers would not have to shoulder any merger-related costs. In addition, a rate freeze would protect NSP's transmission customers.

The Commission found that the merger would not increase market concentration. In particular, the Commission found the merging companies do not currently compete against each other in any relevant market.

As a result of the merger, a new holding company will be created. To ensure continued regulatory oversight and protect ratepayers from affiliate abuse, the companies agreed to abide by the Commission's policy on utility transactions within holding companies.